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RUEHGZ/AMCONSUL GUANGZHOU 0563
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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 002207

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SUBJECT: PRESIDENT CHEN HOPES U.S. WILL NOTICE HIS EFFORTS
TO "MODERATE" DPP RESOLUTION

REF: TAIPEI 1971

Classified By: AIT Director Stephen M. Young,
Reasons: 1.4 (b/d)

¶1. (C) Summary: At President Chen's direction, Vice Premier Chiou I-jen passed a message for Washington to the Director on September 26. Taiwan appreciates President Bush's favorable mention of Taiwan's democracy at the recent APEC meeting and the U.S. decision to make no public statement at the UNGA deliberation on Taiwan's UN application. In addition, President Chen has persuaded DPP Chairman Yu Shyi-kun to drop his proposal to add radical independence-related language to the party's draft "Normal Country" Resolution. After the Director's conversation with Chiou, the DPP Central Standing Committee (CSC) approved President Chen's compromise language for the NCR. Yu, who at first seemed to accept the compromise, complained about high-level opposition to his proposals as he announced his resignation on September 27. Comment: By directing Chiou to pass the message through the Director, President was sending a signal to Washington that he is aware of U.S. concerns on these sensitive issues and hopes the U.S. will credit his effort to play a moderating role. End Summary and Comment.

Chen Brokers Compromise on "Normal Country" Resolution...

¶2. (C) Returning from a meeting of the DPP top brass on September 26 to discuss changes to a proposed "normal country" resolution (reftel), Vice Premier Chiou I-jen called the Director in the afternoon at President Chen's direction to deliver the following message to Washington:

-- Taiwan appreciates President Bush's favorable mention of Taiwan's democratic development during his APEC speech in Sydney, as well as the USG decision to make no public statement last Friday at the UNGA deliberation on Taiwan's UN application.

-- President Chen chaired the September 26 midday high level meeting and persuaded DPP Chairman Yu Shyi-kun to drop the more radical language on Taiwan nomenclature that he had been pushing to include in the "Normal Country" Resolution (NCR), which will be submitted to the September 30 party congress for ratification. Chiou said the DPP Central Standing

Committee would endorse this decision during a meeting later in the day. (Note: which it did.)

¶3. (C) The Director asked if the agreement meant the NCR would retain the more moderate language approved by the DPP Central Executive Committee in late August (reftel). Chiou said the new compromise version would include some minor word changes intended to give Yu "a little face." Chiou specified that the resolution will read that Taiwan "will seek WHO and UN entry in the name of Taiwan and (hope) at an early date to complete name rectification of Taiwan and the drafting of a new constitution." This replaces Yu's proposed language saying that "the name of the country will be changed to Taiwan." (Note: The "compromise" NCR adopts virtually nothing of substance from Yu's proposed Deep Green changes.)

...And May Resume DPP Chairmanship

¶4. (C) After promising to report this message to Washington, the Director asked Chiou if and when Yu Shyi-kun may resign from the Chairmanship after last week's indictment for corruption. Chiou said the meeting chaired by President Chen had not specifically addressed this issue in order to decouple the NCR "struggle" from the question of Yu's departure. Chiou hinted, however, that Yu should step down soon and that President Chen would replace him as DPP Chairman. Chiou also confirmed that the DPP Party Congress will be held as scheduled this Sunday (September 30).

¶5. (C) After Chiou's call to the Director, the DPP Central Standing Committee met and endorsed the compromise language

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on the NCR worked out by President Chen and also passed a motion asking Yu to stay on as chairman. Yu indicated he could accept the compromise NCR language. However, shortly after midnight, Yu sent out an email to the media saying he was stepping down and that his resignation would take immediate effect. The morning of September 27, Yu held a press conference to formally announce his resignation, saying he had been deeply hurt by the "opposition" to changing the national name to Taiwan expressed by his fellow party leaders at the September 26 meeting. Yu departed DPP headquarters after the press conference. In a separate press conference, Deep Green leader Wu Shuh-min strongly criticized the DPP over the compromise NCR language worked out by President Chen.

¶6. (C) Subsequently, President Chen told the media that the DPP should call a special CEC meeting to ask Yu to stay on as party chairman, citing the need to maintain party stability going into the legislative and presidential elections. Chen also explained that the compromise NCR was a consensus product that included Yu's "valuable opinions." Local media report that the CEC meeting requested by Chen has been set for the evening of September 27 and will address the question of Yu's resignation and "follow-up personnel" matters. TECRO Council Member Corey Chen, a Frank Hsieh confidante, told AIT Thursday afternoon that in calling for Yu to stay on, President Chen may be posturing to protect himself against criticism for being "unfeeling" toward Yu. (Note: This would also serve the DPP's need to maintain party unity.) The Hsieh camp expects the CEC meeting to be "ceremonial" and believes President Chen actually wants Yu to leave. (Comment: In trying to shift the grounds for resignation from his corruption indictment to an issue of high principle, Yu may be trying to bolster his image and increase his support from the Deep Green base. End Comment.)

¶7. (C) Corey Chen told AIT that he expects President Chen to ensure that the compromise NCR language is approved smoothly without incident at the party congress on Sunday. Frank Hsieh, he stressed, will put the NCR in the "freezer" and keep it there. Corey Chen said Hsieh hopes the U.S. will be

restrained in criticizing President Chen. President Chen, who has told Hsieh he is concerned about relations with the U.S., stiffens under criticism, making him harder to manage, Corey Chen explained. He also noted that Hsieh will recommend to President Chen that he appoint Hsieh confidante Lee Ying-yuan as the new DPP secretary general, replacing Lin Chia-long, but the decision will be up to President Chen.

COMMENT

18. (C) President Chen's directing Chiou, who along with Yu, Vice President Lu, Frank Hsieh, Su Tseng-cheng and other top DPP leaders attended the September 26 DPP heavyweights' meeting, to report on these decisions is clearly an effort to signal that President Chen is conscious of USG concerns on these sensitive issues and seeks some credit for his moderating role. We believe Hsieh would have briefed Chen on our points during yesterday's meeting with the candidate. We will have the opportunity to explore all this during our September 28 call on the president.

YOUNG